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ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: John La PortaPhone: [REDACTED]Fax: [REDACTED]Priority: Respond Within Five DaysOpinion No. 2007 61779Date: 7/17/2007Complaint Description: 19Z Other
N/A Not ApplicableFirst:Last:Complaint By: Sabra & David RitaAccount Name: Sabra & David Rita [REDACTED]Home: [REDACTED]Street: [REDACTED]Work: [REDACTED]City: MesaCBR:State: AZ Zip: 85207is:

Arizona Corporation Commission

DOCKETED

JUL 18 2007

Utility Company: Pine Water Co., Inc.Division: [REDACTED]Contact Name: [REDACTED]Contact Phone: [REDACTED]

DOCKETED BY

Nature of Complaint:

FOLLOWING CORRESPONDENCE WAS FORWARDED FROM COMMISSIONER MAYES OFFICE. PER SHEILA STOELLER, THE FOLLOWING IS TO BE ENTERED INTO THE DATABASE AS THE CUSTOMER'S OPINION AND THEN BE DOCKETED.

Ms. Kristin Mayes, Commissioner
Arizona Corporation Commission
Commissioners Wing
1200 W Washington - 2nd floor
Phoenix, AZ 85007

Re: In the matter of the application of Pine Water Company (PWco)
for approval to (1) Encumber a part of its plant and system pursuant to
A.R.S. 40-285 (A); and (2) Issue Evidence of Indebtedness Pursuant to A.R.S. 40-302
Docket#W-03512A-07-0362

AZ CORP COMMISSION
DOCKET CONTROL

2007 JUL 18 P 3: 29

RECEIVED

Dear Commissioner Mayes,

I am writing you in the utmost concern regarding the above application. I object to this agreement as it is extremely one-sided and a bad deal for Strawberry residents. My concerns and comments are:

*Page 3, line 23. States: The agreement represents a private-public effort to pursue viable options for locating new water supplies in and around the Pine-Strawberry area. By pooling public and private resources to develop new water resources, PWco submits that it stands a higher likelihood of success at a lower risk to customers.

THIS IS NOTHING BUT A PREPOSTEROUS, BLATANT SCHEME TO INVOLVE PRIVATE RESOURCES TO SAIL RIGHT THROUGH THE ACC'S RULES AND REGULATIONS, FOR PWco TO TAKE OVER STRAWBERRY'S PROPERTY AND TO DRILL THE K2 WELL WITHOUT THE NEED FOR ACC APPROVAL. WHEN IT READS..."LOWER RISK TO THE CUSTOMERS", IT REALLY MEANS LOWER RISK TO PWco,

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AND RISKS JEOPARDIZING STRAWBERRY'S WATER SUPPLY AND EXISTING WELLS.

IF THE ACC CANNOT SEE RIGHT THROUGH THESE PARTIES AND THIS DECEITFUL GAME, THEN THE ACC IS NOT DOING IT'S JOB.

*Consequently, in this new application the conflict of interest is very clear in that Brooke Utility owns both PWco and SWco. It is also very clear that the PSWID is not in SWco customer's best interest. I truly believe that PWco (and the district) intend to intentionally do harm to Strawberry's residents with this agreement.

*To give you an example, in the above referenced docket dated 6/13/07, filed by Attorney Sullivan, regarding the letter dated May 22, 2007, written by Gary Sherlock, Chairman of the PSWID, he states that "The landowners and residents within the district served by PWco are in need of additional wells to meet the existing and projected needs of the area." Not once does he mention Strawberry's customers, new water shortages, outages and need for additional wells under SWco.

*In the withdrawn application (Docket W-03512A-07-0301) SWco was going to give away a portion of its land to PWco for the K2 well site. Now their new application regarding the above referenced docket was revised to slip through the ACC's loopholes once more, SWco is "selling" the property to the District (whom is not regulated by the ACC). The scheme is that the District is not regulated by the ACC and will turn around and sell this property to PWco once a sustainable yield is reached. This is totally unacceptable to me.

Again, if this blatant scheme is not apparent to the ACC, what is? How can the ACC knowingly let this happen to my family and the Strawberry residents? I object to SWco selling a portion of its property to the District.

I urge the ACC to decline the approval to encumber a Part of PWco's plant and system and reject for them to incur the debt of \$300,000.

*I was informed that when Strawberry experiences water shortages, the Magnolia pipeline is to be shut down and water is to be hauled via truck to Pine or wherever. I am asking the ACC to take this into consideration in the event Strawberry encounters a water shortage after the K2 well's success. It will be interesting to me to see how PWco sails through the ACC's loopholes regarding the existing SWco's curtailment tariffs.

*According to The K2 Well Site Evaluation Report dated 5/30/06 from Highland Water Resources Consulting, they state more than once that caution should be taken in this endeavor due to the water rights and environmental concerns including the draining of Fossil Springs. They too, recommended that Pine Water Company drill in Pine and that it would be more cost effective. THEY STATE THAT THE K2 AREA MAY BEST SERVE AND AN AUGMENTATION SUPPLY FOR THE STRAWBERRY AREA AS OPPOSED TO A NEW SOURCE FOR PINE AND SUCH A SCENARIO WOULD ENSURE THAT EXISTING RESOURCES TO THE STRAWBERRY AREA ARE PRESERVED. I plead with the ACC to take this valuable report into consideration and NOT to disregard it.

*I am concerned that once the Pine Water Company reaches their sustainable yield of 150 gpm, they will stop drilling and interconnect the well to the Pine Water Company delivery system. If they hit more water, where does it state that larger casing will be installed to accommodate such water?

*Has there been an extensive study to see if Pine Water Company is infringing on Strawberry Water Company's franchise area to drill the K2 well? What about a Survey?

*As expressed by a Strawberry resident in the June 21st 2007, PSWID meeting, easements required to access the K2 well site have been abandoned and the property owner(s) is in objection to any and all trespassing.

*SWco and their customers need to be included in the agreement as primary users or pro-rated, and not just PWco and their customers. Also, this agreement should address the issue if the K2 well draws water from the C aquifer, or draws water from Fossil Creek. I object to the vague terms of the agreement in these matters.

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*A major concern is the possible impact of the K2 well on Strawberry's existing wells and aquifer. Brooke Utility's representative claims that Strawberry's existing wells will be monitored during the drilling of the K2 well. A hydrogeologist said that the testing equipment and sounding tubes need to be in place in Strawberry's wells to report static levels and to see if they are being affected by such drilling. Dye needs to be inserted (after the casing is in place that seals off the K2 from the C aquifer) in Strawberry's wells to confirm that the wells are not being affected. Where is any protection of Strawberry's existing wells in this agreement?

*One conflict of interest is; Brooke Utility is giving PWco favor over and above SWco creating gross negligence and discrimination resulting in the possible harm of SWco customers. We trusted Brooke Utility and SWco with our livelihood and preservation of our resources, and now they are risking our water source and not pro-rating any water to SWco and their customers.

*Reports have been requested from Brooke Utility of the water static levels for the past 2.5 years reflecting how much water was pumped through the Magnolia pipeline from Strawberry to Pine. There has been no response from Brooke Utility.

*PWco has not for years and is not providing full adequate service to its customers. How can they now additionally provide service for to SWco? Will it be by stealing Strawberry's water, then charging Strawberry residents again for their own water? The ACC defines if customers have to have hauled water, it is violating the rules to continuously haul water. I urge the commissioner to make PWco responsible to its customers first and foremost prior to the approval of this unbelievable scheme.

*PWco is not only proposing to use one existing storage tank, but proposing TWO more future ones in the agreement. This is downright stealing of our water out of our own back yard and unacceptable to us. At the very least, SWco should retain ownership of the existing water storage tank.

*To include Strawberry customers as last in line to acquire water just to appease us is unacceptable. I request the ACC to make PWco submit an amendment stating a minimum pro-rated share for SWco customers.

My husband and I own property in Strawberry. On May 28th there was no water. On June 2, 9 and 26 we received notice from Brooke Utility that there would be low pressure or no water conditions in Strawberry. Still recently other Strawberry residents are complaining of low water pressure.

Our concerns are still unaddressed with Brooke Utility's representative. SWco and its customers need representation from the ACC as it is clear that the PSWID's best interest is in PWco. Strawberry residents cannot afford an attorney and/or hydrogeologist as such costs would be a huge burden on them. Is the ACC going to just stand by and watch PWco jeopardize Strawberry's water supply and slip through the loopholes?

Pine's problems are not Strawberry's issues and they should not look to Strawberry for their answers. They need to work out their issues with the Pine residents who own and are offering them water. Why doesn't PWco drill in Pine where the water is proven to be and listen to Highland Consultants?

I urge the Arizona Corporation Commission to do everything in their power to reject the application. This is a bad deal for Strawberry.

Sincerely,
Sabra and David Rita
End of Complaint

Utilities' Response:

N/A

End of Response

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Investigator's Comments and Disposition:

07/17/07-I e-mailed the customer and thanked them for writing the Commissioner Mayes who forwarded their opinion to me. I also thanked the customer for sharing their opinion on the Pine Water Financing Application. I informed the customer that their opinion will be placed on file with the Docket Control Center of the Commission and will be made part of the record. I also informed the customer that the Commission will also take his opinion into consideration before rendering a decision in this matter. CLOSED. W-03512A-07-0362.

End of Comments

Date Completed: 7/18/2007

Opinion No. 2007 - 61779
